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1 5135

Filed & Recorded

DEC 23 1986 1-50 PM

SANFORD A. WITKOWSKI
COUNSEL

OTTO J. HETZEL
JOSEPH D. FEENEY*
OF COUNSEL

INTERSTATE COMMERCE COMMISSION

December 23, 1986

12/23/86
10:00
CC Washington, D.C.

Ms. Noreta R. McGee
Secretary
Interstate Commerce Commission
12th Street and Constitution Avenue, N.W.
Washington, D.C. 20423

Dear Ms. McGee:

I have enclosed an original and one copy of the document described below, to be recorded pursuant to 49 U.S.C. §11303. This document is a lease, a primary document.

The names and addresses of the parties to the document are as follows:

Lessee: Chicago, Central & Pacific Railroad Company
501 Sycamore, Suite 400
Waterloo, Iowa 50704

Lessor: GATX Leasing Corporation
Four Embarcadero Center, Suite 2200
San Francisco, California 94111

The document covers the following equipment:

John Docherty
John
Chen

Ms. Noreta R. McGee

-2-

December 23, 1986

Eighteen (18) General Motors rebuilt GP20 type diesel-electric road switcher locomotives, as follows:

Chicago, Central & Pacific
Railroad Company

EMD (Manufacturer)

Locomotive Number

Chassis Serial Number

964	5552-1
965	5372-1
966	5366-2
967	5367-3
968	5368-4
969	5428-1
970	5428-2
971	5428-3
972	5428-4
973	5428-5
974	5428-6
975	5428-7
976	5428-8
977	5354-1
978	5350-1
979	5350-2
980	5350-3
981	5353-1

A check drawn to the order of the Interstate Commerce Commission in the amount of \$10 is enclosed for the fee. Please return the original and any extra copies not needed by the Commission for recordation to:

John Docherty
Weiner, McCaffrey, Brodsky
& Kaplan, P.C.
1350 New York Avenue, N.W.
Suite 800
Washington, D.C. 20005-4797

Ms. Noreta R. McGee

-3-

December 23, 1986

A short summary of the document to appear in the index follows:

Lease dated as of December 18, 1986 between GATX Leasing Corporation, Lessor, and Chicago, Central & Pacific Railroad Company, Lessee, and covering eighteen (18) General Motors rebuilt GP20 type diesel-electric road switcher locomotives.

Sincerely,

A handwritten signature in cursive script, reading "John Docherty".

John Docherty

Enclosures

JD/sf/5927D-6560

Interstate Commerce Commission
Washington, D.C. 20423

12/23/86

OFFICE OF THE SECRETARY

John Docherty
Weiner, McCaffrey, Brodsky
1350 New York Avenue, N.W.
Suite 800
Washington, D.C. 20005-4797

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 12/23/86 at 1:50pm, and assigned recordation number(s). 14868-B Released
15135

Sincerely yours,

Norita K. McGee
Secretary

Enclosure(s)

SE-30
(7/79)

EQUIPMENT LEASE AGREEMENT DEC 23 1986 1-50 PM

INTERSTATE COMMERCE COMMISSION

EQUIPMENT LEASE AGREEMENT, dated as of December 15th, 1986, between GATX Leasing Corporation, a Delaware corporation having its principal office at Four Embarcadero Center, San Francisco, California 94111 ("Lessor"), and Chicago, Central & Pacific Railroad Company, a Delaware corporation having its principal office at 501 Sycamore Street, Suite 400, Waterloo, Iowa 50703 ("Lessee").

SECTION 1

DEFINITIONS

The following terms shall have the following meanings (such definitions to be equally applicable to both the singular and plural forms of the terms defined):

"Lease" shall mean collectively this Equipment Lease Agreement, the Schedule hereto and all other documents incorporated herein by reference.

"Acceptance Supplement" shall mean a certificate substantially in the form of Exhibit B attached hereto, evidencing the acceptance of one or more Units by Lessee pursuant to Section 3 hereof.

"Business Day" shall mean any day other than a Saturday, Sunday or legal holiday on which banking institutions located in San Francisco, California or Chicago, Illinois are authorized or obligated to remain closed.

"Code" shall mean the Internal Revenue Code of 1954, as amended, or any comparable successor law.

"Delivery Date" shall mean each date on which one or more Units are delivered to and accepted by Lessee pursuant to Section 3 hereof.

"Event of Default" shall have the meaning specified in Section 14 hereof.

"IRS" shall mean the United States Internal Revenue Service and any successor thereto.

"Lessor's Cost" shall be the aggregate amount paid to Lessee (as evidenced by manufacturers' or vendors' invoices), including sales taxes, if any, paid by Lessor in connection with the acquisition of one or more of the Units, as context shall require. Lessor's Cost of all of the Units shall not exceed the maximum amount set forth in the Schedule hereto without Lessor's prior written consent.

"Officer's Certificate" shall mean a certificate duly signed in the name of Lessee by its President, one of its Vice Presidents, its Treasurer or its Secretary.

"Permitted Liens" shall mean (i) liens for taxes, assessments and other federal, state or local governmental charges and levies either not yet due and delinquent or not yet subject to penalty for non-payment, (ii) undetermined or inchoate materialmen's, mechanics', workmen's, repairmen's, employees' or other like liens arising in the ordinary course of Lessee's business and not delinquent, and (iii) liens arising through Lessor.

"Prime Rate" shall mean the lowest rate of interest publicly announced by the Wells Fargo Bank, National Association, San Francisco, California, or its successor, as its rate on 90 day loans to its best commercial customers, as such rate may change from time to time.

"Schedule" shall mean the Schedule attached hereto as Exhibit A and by this reference made a part hereof, setting forth, among other things, a description of the Units and certain specific terms under which the Units are leased.

"Stipulated Loss Value" shall mean the value of a Unit at a particular time determined from the table set forth in Section 4 of the Schedule.

"Unit" shall mean an item of equipment described in Section 1 of the Schedule.

SECTION 2

LEASE OF UNITS

2.1 In consideration of and subject to the terms and conditions of this Lease, Lessor agrees to purchase the Units from Lessee and lease the same back to Lessee, and Lessee agrees to lease the Units from Lessor.

2.2 The lease term for each Unit shall be as specified in Section 2 of the Schedule. If such term is extended, the word "term" as used in this Lease shall be deemed to refer to the term as so extended and all provisions of this Lease shall, except as provided herein, apply during and until the expiration of such extended term.

2.3 This Lease may not be terminated by Lessee without the prior written consent of Lessor. To the extent permitted by applicable law, Lessee hereby waives any right which it may now have or hereafter acquire to terminate or cancel this Lease or to

surrender any of the Units." Subject to Lessee's due performance in hereunder, Lessor agrees that it will not cause this Lease to be terminated by its Secretary.

"Permitted Liens" shall mean SECTION 3a for taxes, assessments and other Federal, State or local governmental charges and levies either not yet due PROCUREMENT AND DELIVERY OF UNITS to penalty for non-payment, (ii) undetermined or inchoate materialmen's, mechanics' work. Lessor hereby appoints Lessee as its agent to accept in delivery of the Units, and Lessee hereby accepts its appointment and agrees to accept the Units on Lessor's behalf.

3.2 Lessor shall cause the Units to be delivered to Lessee, and Lessee shall accept the Units by executing and delivering to Lessor an Acceptance Supplement identifying the Units and confirming the Lessor's Cost thereof; whereupon the Units shall (i) be deemed accepted by Lessee on the Delivery Date specified in such Acceptance Supplement and (ii) provided the conditions set forth in Section 3.3 hereof have been satisfied, become subject to and governed by this Lease. This Lease shall be a part hereof, relating to the Units.

3.3 Lessor's obligation to purchase Units for lease to Lessee hereunder is subject to the satisfaction of the following conditions:

As used in this Section, "Value" shall mean the value of the Units as determined by a qualified appraiser. On the date of execution and delivery hereof, Lessor shall have received:

(1) the favorable opinion of legal counsel to Lessee, in form and substance satisfactory to Lessor, with respect to each of the matters referred to in Section 6 hereof and as to such other matters as Lessor may reasonably request;

(2) a copy, certified to its satisfaction, of the resolution, adopted by Lessee's board of directors, authorizing the execution and delivery of this Lease and the other documents referred to herein and performance by Lessee of its obligations;

(3) evidence satisfactory in form and substance to Lessor of the insurance coverage required by Section 10 hereof; and

(4) a bill of sale substantially in form of Exhibit C hereto conveying the Units to Lessor.

(b) On or before each Delivery Date, the filing or recording of all instruments and documents, including, but not limited to, (i) Financing Statements on Form UCC-1 and (ii) filing of this Lease, the Acceptance Supplement and the Schedule with the Interstate Commerce Commission pursuant to 49 U.S.C. §11303, then deemed necessary by Lessor to preserve and protect its rights hereunder shall have been completed to the satisfaction of Lessor.

(c) On each Delivery Date, the representations and warranties contained in Section 6 hereof shall be true and there shall exist on such date no Event of Default or condition which, with notice or lapse of time or both, would become an Event of Default; and Lessor shall have received an Officer's Certificate, dated such Delivery Date, to such effect.

REQUIREMENT AND DELIVERY OF UNITS

3.1 (d) As of each Delivery Date, there shall not have occurred any material adverse change in the general affairs, management, financial condition or results of operations of Lessee and its consolidated subsidiaries taken as a whole, whether or not arising from transactions in the ordinary course of business, since the date first above written; and Lessor shall have received an Officer's Certificate, dated such Delivery Date, to such effect.

(e) On or before each Delivery Date, Lessor shall have received all other documents and Lessee shall have performed all other acts as Lessor shall have reasonably requested.

SECTION 4

RENTAL PAYMENTS

4.1 Lessee agrees to pay Lessor rent on each Unit. Such rent shall be paid at the times set forth in, and in the amounts computed in accordance with, Section 3 of the Schedule. If any rental payment date referred to in the Schedule is a day other than a Business Day, the rent otherwise payable on such date shall be payable on the next succeeding Business Day. Lessee's obligation to pay rent and all other amounts payable under this Lease shall be absolute and unconditional and shall not be affected by, and such payment shall be made without abatement, suspension, deferment or diminution by reason of any circumstance or occurrence whatsoever including, without limitation, any offset, counterclaim, recoupment, defense or other right which Lessee may now or hereafter have against Lessor or any legal person controlled by it, in control of it, or under common control with it, directly or indirectly, or any assignee of Lessor.

4.2 Except as provided in Section 20 hereof, all payments made by Lessee to Lessor under this Lease shall be made to Lessor at its address set forth in or provided pursuant to Section 23.2 hereof. All amounts payable to Lessor shall be deemed paid when received by Lessor at such address. Lessee shall pay interest at a rate equal to the greater of 10% per annum or the Prime Rate plus 3% per annum, but in no event greater than the maximum rate permitted by applicable law, on any installment of rent or other amount payable by Lessee hereunder which is overdue. Interest shall be computed on the basis of a 360-day year for the actual number of days any such amount is unpaid. All payments under this Lease shall be made in lawful money of the United States of America.

4.3 Lessee acknowledges that any invoices for payments due under this Lease sent to Lessee by Lessor shall be for Lessee's convenience only. Lessee's nonreceipt of an invoice shall not relieve Lessee of its obligation to make any payment payable hereunder on the due date thereof, provided an Officer's Certificate, dated such Delivery Date, is in such effect.

SECTION 5

(d) As of each Delivery Date, there shall not have occurred any material REPRESENTATIONS AND WARRANTIES OF LESSOR management, financial condition or results of operations of Lessee, and 5.1 Lessor represents and warrants that it has the lawful right to purchase the Units and lease the same to Lessee in accordance with the terms hereof, and Lessee shall have received an Officer's Certificate, dated such Delivery Date, in such effect.

5.2 THE WARRANTY SET FORTH IN SECTION 5.1 HEREOF IS EXCLUSIVE AND IN LIEU OF ALL OTHER WARRANTIES OF LESSOR WHETHER WRITTEN, ORAL OR IMPLIED, AND LESSOR SHALL NOT BY VIRTUE OF HAVING LEASED THE UNITS UNDER THIS LEASE BE DEEMED TO HAVE MADE ANY OTHER REPRESENTATION OR WARRANTY. LESSEE ACKNOWLEDGES AND AGREES THAT: (A) LESSOR IS NOT A MANUFACTURER OF OR A DEALER IN PROPERTY OF SUCH KIND AS THE UNITS; (B) LESSOR HAS NOT MADE, AND DOES NOT HEREBY MAKE, ANY REPRESENTATION, WARRANTY OR COVENANT WITH RESPECT TO THE MERCHANTABILITY, CONDITION, QUALITY OR DURABILITY OF THE UNITS, THEIR SUITABILITY FOR THE PURPOSES AND USES OF LESSEE, OR ANY OTHER REPRESENTATION, WARRANTY OR COVENANT OF ANY KIND OR CHARACTER, EXPRESS OR IMPLIED, WITH RESPECT TO THE UNITS; AND (C) LESSOR SHALL NOT BE LIABLE TO LESSEE FOR ANY LIABILITY, CLAIM, LOSS, DAMAGE OR EXPENSE OF ANY KIND OR NATURE CAUSED, DIRECTLY OR INDIRECTLY, BY ANY UNIT OR ANY INADEQUACY THEREOF FOR ANY PURPOSE, ANY DEFICIENCY OR DEFECT THEREIN, THE USE OR MAINTENANCE THEREOF, ANY REPAIRS, SERVICING OR ADJUSTMENTS THERETO, OR ANY INTERRUPTION OR LOSS OF SERVICE OR USE THEREOF; OR ANY LOSS OF BUSINESS OR FOR ANY DAMAGE WHATSOEVER OR HOWSOEVER CAUSED, as all such risks are to be borne by Lessee. Neither party makes any representation as to the treatment of this Lease, the Units or the rent for financial reporting or tax purposes.

5.3 Nothing contained in this Lease shall be deemed to limit Lessee from availing itself of any warranty, covenant or representation of any vendor, manufacturer or supplier of any Unit or any component part thereof, and all claims and causes of action which Lessor may have against vendors, manufacturers or suppliers in connection with any Units, to the extent assignable, are hereby assigned by Lessor to Lessee, and Lessor shall permit Lessee to prosecute any such claim or cause of action, at Lessee's sole expense; provided, however, that (a) no lawsuit shall be instituted in Lessor's name without the prior written consent of Lessor, (b) Lessee shall not seek termination or rescission of this Lease or revocation of its acceptance of any Unit as a remedy or relief in such lawsuit and (c) all rights assigned to Lessee shall immediately revert to Lessor upon the occurrence of an Event of Default.

4.2 Lessee acknowledges SECTION 6 and all payments due under this Lease sent to Lessee by Lessor shall be for Lessee's convenience on REPRESENTATIONS AND WARRANTIES OF LESSEE and not relieve Lessee of its obligation to make any payment payable. Lessee represents and warrants that:

6.1 Lessee is a corporation fully organized, validly existing and in good standing under the laws of the state of its incorporation and is duly qualified and authorized to do business in the state wherein the Units will be located, and every other state in which nature of its activities or properties requires such right qualification and authorization. the same to Lessee in accordance with the UNITED STATES

6.2 Lessee has the full power, authority and legal right to execute and deliver this Lease and perform the terms hereof. The execution and delivery hereof have been duly authorized by all GRAD necessary corporate action, and this Lease constitutes a valid and binding obligation of Lessee enforceable in accordance with its terms. This Lease is a true lease and Lessor shall be considered the owner and lessor of the Units for all purposes. PROPERTY OF SUCH

6.3 Neither the execution and delivery of this Lease nor the performance of the terms hereof by Lessee will contravene any law, regulation, judgment, order or permit affecting Lessee or result in any breach of, or constitute an event of default under, any contract or agreement, corporate charter or by-law or other instrument to which Lessee or any of its subsidiaries is a party or by which Lessee or any such subsidiary or any of its or their properties may be bound.

DISPOSAL THEREIN THE USE OR MAINTENANCE THEREOF AND REPAIRS.

6.4 Except for the consent of General Electric Credit Corporation ("GECC"), which is attached hereto, no consent of the shareholders or the trustee or holder of any indebtedness of Lessee is a condition to the performance of the terms hereof by Lessee or the validity of this Lease.

6.5 No notice to, filing with, or approval of, any governmental agency or commission is a condition to the performance of the terms hereof by Lessee or to the validity of this Lease or the protection of the rights of Lessor other than a filing of the Lease, the Acceptance Supplement and the Schedule with the Interstate Commerce Commission pursuant to 49 U.S.C. §11303, and such filing has been duly made.

6.6 There is no action or proceeding pending or, insofar as Lessee knows, threatened against Lessee or any of its subsidiaries before any court or administrative agency which might have a materially adverse effect on the business, condition or operations of Lessee or such subsidiary.

6.7 There is no person, partnership, corporation or governmental agency who or which is entitled to a lien, other than a Permitted Lien, on any UNITS AND WARRANTIES OF LESSEE

6.8 Lessee has filed all federal, state and local tax returns which are required to be filed, and has paid or made adequate provisions for the payment of all taxes which have or may become due pursuant to said returns or pursuant to any assessment received by it or other than taxes which are being contested in good faith or in which in the aggregate do not involve a material amount in the reasonable opinion of Lessee's chief financial officer. Such qualification and certification.

6.9 Lessee has furnished to Lessor the most recently available consolidated balance sheet of Lessee and the related consolidated statement of income and retained earnings for the year then ended and its most recently available unaudited quarterly consolidated income statements. Such financial statements (a) were prepared in accordance with generally accepted accounting principles, applied on a consistent basis throughout the periods covered thereby and on a basis consistent with prior periods, (b) are correct and complete in all material respects and present fairly the financial position of Lessee and its consolidated subsidiaries as of such date and the results of their operations for such periods. There has not occurred any material adverse change in the general affairs, management, financial condition or results of operations of Lessee and its consolidated subsidiaries taken as a whole, whether or not arising from transactions in the ordinary course of business since the date of the most recent financial statement provided to Lessor as specified in the first sentence of this Section 6.9.

6.10 Lessee is not in default in the payment of the principal of or interest on any material indebtedness for borrowed money and no event has occurred and is continuing which, with notice or lapse of time or both, would permit the holders of (or a trustee for the holders of) any material indebtedness of Lessee for borrowed money to accelerate the stated maturity thereof.

6.11 Lessee is not entering into this Lease or any other document or transaction contemplated hereby, directly or indirectly in connection with any arrangement or understanding by it in any way involving any employee benefit plan (other than a governmental plan) with respect to which it or, to the best of its knowledge, Lessor is a party in interest, all within the meaning of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). Lessee will not sublease any of the Equipment subject to the Lease to any person which is at the time a party in interest with respect to any employee benefit plan the assets of which were used by the Lessor in making their investments pursuant to this Agreement, all within the meaning of ERISA.

6.12 There is no fact known to the Lessee which the Lessee has not disclosed to Lessor in writing which materially and adversely affects or, so far as the Lessee can now foresee, will materially adversely affect the ability of the Lessee to perform its obligations hereunder. Lessee has filed all federal, state and local tax returns which are required to be filed, and has paid or made adequate provision for the same. To the best of its knowledge and belief, and based on Lessee's familiarity with the Units and all relevant facts available to Lessee at a date hereof, if the Units are used in the manner contemplated by this lease, then at the end of the term of the Lease, (a) at least 20% of the remaining useful life of each Unit will be remaining, and (b) the fair market value of each Unit (after subtracting from such value any cost to Lessor for recovering its possession of such Unit, and without including in such value any increase or decrease for inflation or deflation during such term) shall be at least 20% of Lessor's net cost.

6.13 The financial statements of Lessee, as hereinafter provided, shall be prepared in accordance with generally accepted accounting principles, applied on a consistent basis throughout the period covered thereby and on a basis consistent with the accounting principles and methods used in the preparation of the financial statements of Lessor and its subsidiaries. SECTION 7. POSSESSION AND USE OF UNITS

7.1 At all times during the term of this Lease, title to the Units shall be vested in Lessor to the exclusion of Lessee, and the delivery of the Units to Lessee and Lessee's possession thereof shall constitute a letting and bailment for hire only.

7.2 Unless an Event of Default shall have occurred and be continuing, Lessee shall be entitled to use the Units in accordance with the terms of this Lease in the ordinary course of its regular business.

7.3 (a) Except as set forth in Section 7.3(b), Lessee shall not sublease or attempt to sublease any of the Units or assign, except for the assignment and agreement of GECC, which is attached hereto, or transfer or attempt to assign or transfer, by operation of law or otherwise, this Lease or any of Lessee's rights or interests herein or obligations hereunder, and any sublease, assignment or transfer consummated shall be null and void and any payments made thereunder shall be held in trust for the benefit of Lessor.

(b) So long as Lessee shall not be in default under this Lease and the Lessee shall have fully complied with the provisions of the last paragraph of this Section 7(b), Lessee shall be entitled to the possession and use of the Units and, without the Lessor's consent, to sublease the Units to, or to permit their use by, a user incorporated in the United States of America (or any State thereof or the District of Columbia), upon lines of railroads owned or operated by Lessee or such user or by a railroad company or companies incorporated in the United States of America (or any State

thereof or the District of Columbia), nor over which the Lessee, such user, or such railroad company or companies have trackage rights or rights for operation of their trains, and upon the lines of railroad of connecting and other carriers in the usual interchange of traffic or in through or run-through service, but only upon and subject to all the terms and conditions of this Lease, including the last paragraph of this Section 7(b). provided, however, that the Lessee shall not sublease or permit the sublease or use of any Unit to a service involving any operation outside the continental United States of America; provided, further, however, if the use or the sublease is for more than 30 days (but in no event longer than the term of this Lease, less one day), prior written approval by Lessor shall be required unless: (i) the use is by, or the sublease is to, a Class I Railroad; (ii) Lessor has received prior written notice of the sublease and a copy of all sublease documentation and (iii) the terms of such sublease shall be substantially similar to the terms of this Lease; provided, further, however, that the Lessee shall only use, or sublease for use, any Unit in the manner for which it was designed and intended and in a manner which subjects it to no more than ordinary and normal wear and tear and in no event shall such use involve operation of any Unit for more than 100,000 miles per year. No such assignment or sublease shall relieve the Lessee of its obligations hereunder which shall be and remain those of principal and not a surety. Any such sublease may provide that the sublessee, so long as it shall not be in default under such sublease, (A) shall be entitled to the possession of the Units, included in such sublease and the use thereof, but (B) shall not be entitled without Lessor's and Lessee's prior written consent to further sublease such Units. Every sublease shall be subordinate and subject to the rights and remedies of Lessor under this Lease in respect of the Units covered by such sublease upon the occurrence of an Event of Default or default thereunder of hereunder.

Nothing in this Section 7(b) shall be deemed to restrict the right of Lessee to assign or transfer its leasehold interest under this Lease in the Units or possession of the Units to any corporation incorporated under the laws of any state of the United States of America or the District of Columbia (which shall have duly assumed the obligations of the Lessee hereunder in a form and substance satisfactory to Lessor) into or with which the Lessee shall have become merged or consolidated or which shall have acquired the railroad properties of the Lessee as entirety or substantially as an entirety; provided that such assignee or transferee will not, upon the effectiveness of such merger, consolidation or acquisition, be in default under any provision of this Lease.

7.4 Except for Permitted Liens, Lessee shall not directly or indirectly, create or incur or suffer to be created or incurred or to exist any mortgage, lien, charge or encumbrance of any kind on

any Unit or on any of its rights under this lease and if any such mortgage, lien, charge or encumbrance shall come to exist, Lessee shall, at its sole cost and expense, promptly remove the same all road of connecting and other carriers in the usual interchange of traffic or 7.5. The location of each Unit shall be set forth in the not to relevant Acceptance Supplement and Lessee shall not remove any Unit from such location except as permitted under Section 7.3 hereof, without Lessor's prior written consent and use of any Unit to service involving any operation outside the continental United States 7.6. Lessee shall not use for permit any Unit to be used in an improper or unsafe manner, in violation of any contract of insurance applicable to the Unit or in violation of any applicable law, Lessor statute, ordinance, rule or regulation (collectively "applicable law"). In the event that prior to the expiration of the term of hereof, any such applicable law requires the alteration, modification, replacement or addition of or to any component part of any Unit, Lessee shall promptly comply therewith. Notwithstanding the foregoing, Lessee may, at its expense, in good faith contest the validity or application of any such applicable law in any manner which does not, in the opinion of Lessor, adversely affect Lessor's title to the Units or the rights of Lessor under this Lease. No assignment or sublease shall, relieve the Lessee of its obligation hereunder. SECTION 8 be and remain the obligation of the principal and not a surety. Any such sublease may provide that the sublessee, so long as it MAINTENANCE OF UNITS shall under such

8.1 Lessee shall, at its own expense, maintain, service and repair the Units in compliance with the provisions of this Section 8 so as to keep the Units in as good operating condition, state of repair and appearance as when delivered to Lessee, ordinary wear and tear excepted; provided, however, the Lessee shall maintain each such Unit (i) in a manner which is consistent with the provisions of Section 15 hereof, (ii) at the same or better than the level of maintenance of similar equipment owned or leased by the Lessee, (iii) at the same or better than the standard in the railroad industry for maintenance of similar equipment, (iv) such that the Units are in compliance with all applicable Association of American Railroads and Federal Railroad Administration rules and regulations, (v) such that no Unit is out of service awaiting repairs more than 30 continuous days without prior written authorization by Lessor, and (vi) such that all components meet Electro Motive Division of General Motors ("EMD") standards, except for mileage or time related changeouts, or other standards as may be mutually agreed upon in writing. The Lessee shall maintain written maintenance and overhaul records sufficient to disclose compliance with the requirements of this Lease and shall make such records available to the Lessor's inspection upon request during normal business hours upon reasonable notice. Such records shall include the date(s) of the replacement or overhaul of at least the following major components: engine power assemblies, engine upper and lower main bearings, connecting

rod bearings, engine accessory end and engine gear end components, roots blower, engine governor, main generator, auxiliary generator, air compressors, traction motors and trucks. remove the same.

8.2 If Units are stored during the term of this lease or after the term pursuant to Sections 15d (b) or 15.2, Units will be Unit prepared for storage pursuant to EMD recommendations, or other of, procedures as may be mutually agreed upon by Lessor and Lessee.

8.3 Lessee shall, at its own expense, comply with (a) all safety and environmental regulations, directives and instructions of applicable governmental authorities regardless of on whom such requirements are by their terms, nominally imposed and (b) all applicable maintenance, service, repair and overhaul manuals and service bulletins published by the manufacturer of the Units or of any of their component parts. Lessee shall maintain all part of manufacturers' warranties. Lessee shall also keep in effect all records, logs and other materials required by any applicable governmental authority to be maintained in respect of the Units after delivery, regardless of on whom such requirements are, by their terms, nominally imposed.

8.4 Lessee shall pay for any and all materials and other supplies consumed by or required for the operation of the Units.

MAINTENANCE OF UNITS SECTION 9

REPLACEMENTS, ACCESSORIES AND ALTERATIONS

9.1 Lessee shall, at its own expense, replace any part of any Unit where necessary in accordance with a prudent operation and maintenance program. All replacement parts shall be of new manufacture or warranted as rebuilt or reconditioned by Lessee or a manufacturer approved by Lessor, except for minor parts which do not have a material impact on the value of the Unit.

9.2 Lessee may, at its discretion and expense, affix any insubstantial accessory to, or make any insubstantial alteration in, any Unit. Except as may be required by Section 7.6 hereof, Lessee shall not, without the prior written consent of Lessor, affix any substantial accessory or make any substantial alteration to any Unit.

9.3 An accessory or improvement shall be deemed "substantial" if (a) it increases the productivity or capacity of the affected Unit by more than 25%, or it decreases the productivity or capacity of any Unit in any amount, (b) materially affects the function, use or value of the affected Unit, or (c) unless an accessory not deemed an accession pursuant to Section 9.4 hereof, the cost of the accessory or improvement when added to the cost of all previously affixed accessories so deemed accessions and all prior alterations exceeds 10% of the Lessor's Cost of the affected Unit.

9.4 Any part or accessory installed in or affixed to any Unit by Lessee in accordance with the provisions hereof, other than an accessory the affixing of which is permitted by the first sentence of Section 9.2 hereof and which may be readily removed without risk of material damage to the related Unit, shall be deemed an accession to such Unit. Title to all accessions shall immediately vest in Lessor without cost or expense to Lessor, and such accessions shall be subject to all of the terms and provisions hereof as completely and to the same extent as if they had been components of said Unit at the time it originally became subject hereto; provided, however, that title to accessories and parts which shall have been replaced by such accessions shall be vested in Lessee when such replacement has been completed in accordance herewith. The removal of accessories not deemed accessions shall be accomplished by Lessee, at its sole expense, prior to the return of the related Unit(s).

9.5 Lessor shall bear no liability whatever for the cost of any alteration made to any Unit by Lessee during the term hereof.

SECTION 10

INSURANCE

10.1 Lessee shall, at its own cost, maintain in effect throughout the term hereof and during any storage period thereafter, with financially sound and reputable insurers, "all risk" insurance, in form and substance satisfactory to Lessor, insuring against loss or damage to the Units in an amount equal to the greater of the actual cash value or the Stipulated Loss Value of the Units. Such insurance shall not provide for a deductible or a self-insured exposure in excess of the amount set forth in the Schedule.

10.2 Lessee shall, at its own cost, maintain in effect throughout the term hereof and during the storage period thereafter, with financially sound and reputable insurers, (a) combination of primary and excess (umbrella) limits or on a combined single limit basis, comprehensive general liability (including without limitation, contractual liability and sudden pollution), insuring against loss or damage to the persons and property of others, in amounts which shall be not less than those set forth in the Schedule and (b) such other insurance with respect to the Units, in form and substance satisfactory to Lessor, as Lessor may reasonably request. Each liability policy shall expressly provide that all the provisions thereof (except limits of liability) shall operate as if there were a separate policy covering each insured.

10.3 All insurance policies carried in accordance with this Section 10 shall name Lessor and its successors and assigns as additional insureds or loss payees or both, as appropriate, and shall insure their interests regardless of any breach or violation

by Lessee of any representation, warranty, or condition contained in such policies. Such insurance policies shall further provide that (a) the insurers waive all rights of subrogation against Lessor and Lessee; (b) the insurers waive all rights to any set-off, counterclaim or other deduction, whether by attachment or otherwise, in respect of any liability of Lessee; (c) they will not be invalidated by any foreclosure or other remedial proceedings or notices thereof relating to the Units or by any change in the title to or ownership of the Units or by the use or operations of any Units for purposes or in a manner more hazardous than permitted by such policies; (d) no termination, expiration, suspension or change shall be effective until the 30th day after written notice of the same shall have been given by the insurer to Lessor; and (e) each policy is primary without any right of contribution from any other insurance effected by Lessor or any company affiliated with Lessor.

10.4 Not less than ten days prior to the expiration date of each expiring policy of insurance, evidence of which has been delivered to Lessor pursuant to Section 3.3 hereof or this Section 10.4, Lessee shall deliver to Lessor certificates of insurance issued by the insurers or their duly authorized agents demonstrating that Lessee is in compliance with the provisions of this Section 10; provided, however, that, if the delivery of any certificate shall be delayed, Lessee shall deliver an executed binder with respect thereto and shall deliver the certificate promptly after its receipt thereof. Lessee shall deliver to Lessor from time to time, upon Lessor's request, an Officer's Certificate certifying payment of all premiums then due for the policies required by this Section 10.

10.5 Lessor may, at its option, place insurance on the Units at its own cost for its sole benefit with respect to risks of any kind insurable by Lessor. Lessee agrees that it shall cooperate with Lessor in any reasonable manner to enable Lessor to obtain such additional insurance.

10.6 "Actual cash value" of a Unit shall mean, for purposes of Sections 10 and 11 hereof, the cash sale price that would be realized for such Unit if sold by a willing seller under no compulsion to sell to a willing buyer assuming that the Unit was in the condition required by this Lease and without deduction for the cost of transportation or removal of the Unit from its location.

SECTION 11

LOSS, DAMAGE, DESTRUCTION AND SEIZURE

11.1 Lessee shall bear the risk of the Units being lost, stolen, destroyed, damaged or seized by governmental authority for any reason whatsoever at any time during the term of this Lease or

the storage period thereafter (except for any seizure resulting from non-payment of any tax owed by Lessor). If any Unit shall be lost, destroyed, damaged or seized by governmental authority for any and reason whatsoever during such term or period, Lessor and Lessee shall proceed diligently and cooperate fully to recover any and all insurance proceeds or condemnation awards or both. Not be invalidated by any foreclosure or other remedial proceedings or notices thereof relating to the Units or by any other action.

11.2 If during the term of this Lease or the storage period thereafter any Unit shall be lost, stolen, destroyed, irreparably damaged or seized by governmental authority for a period equal to at least the remainder of the term of this Lease, Lessor shall receive from the proceeds of insurance obtained pursuant to Section 10.1 hereof, from any award paid by the seizing governmental authority and, to the extent not received from the proceeds of such insurance or award or both, from Lessee, on or before the rental payment date next succeeding such loss, theft, destruction, damage or governmental seizure: (a) all accrued and unpaid rent in respect of such Unit, including rent due on the rental payment date next succeeding the date of such loss or seizure if the rent is in arrears; (b) the greater of the actual cash value (as defined in Section 10.6 hereof) or the Stipulated Loss Value of such Unit, as determined as of such rental payment date; (c) all other sums, if any, that shall have become due and payable hereunder; and (d) interest on the foregoing at the rate set forth in Section 4.2 hereof from the due date(s) of such payment(s) to the date of payment.

On receipt by Lessor of the amount specified hereinabove with respect to each such Unit so lost, stolen, destroyed, damaged or seized, this Lease shall be deemed terminated as to such Unit and rent in respect of such Unit shall be deemed abated, as of the rental payment date next succeeding such loss, theft, damage, destruction or seizure. If Lessor shall have received the greater of the actual cash value or the Stipulated Loss Value with respect to a Unit from Lessee, rather than from the proceeds of insurance obtained pursuant to Section 10.1 hereof or an award paid by a seizing governmental authority or both, Lessee shall be entitled to receive therefrom a total amount equal to the greater of the actual cash value or the Stipulated Loss Value, and the excess, if any, of the total proceeds relating to such loss, theft, damage, destruction or seizure shall be receivable by Lessor. If Lessor shall have received the greater of the actual cash value or the Stipulated Loss Value with respect to a Unit from the proceeds of insurance obtained pursuant to Section 10.1 hereof or from an award paid by a seizing governmental authority or both, rather than from Lessee, Lessee shall not be entitled to retain any part of the proceeds of such insurance or any such reward or both. Any proceeds of insurance obtained by Lessor pursuant to Section 10.5 hereof received by Lessee shall be paid to Lessor promptly upon their receipt by Lessee.

11.3 Any proceeds of insurance obtained pursuant to Section 10.1 hereof received with respect to any Unit the repair of which is practical shall, at the election of Lessee, be applied either to the repair of such Unit or, upon Lessor's receipt of evidence of the repair of the Unit satisfactory to Lessor, to the reimbursement of Lessee for the cost of such repair awarded or paid.

11.4 If during the term of this Lease any Unit is seized by a governmental authority for a period less than the then unexpired term of this Lease, this Lease shall continue in full force and effect as if such taking had not occurred and, rents hereunder shall not be diminished or abated. Lessee shall be entitled to receive and retain any award paid by the seizing governmental authority as compensation for the interruption of Lessee's leasehold interest in such Unit.

SECTION 12 INDEMNIFICATION, RELEASE AND WAIVER

12.1 Lessee shall indemnify, reimburse and hold Lessor and its successors, assigns, agents and employees harmless from and against all liabilities (including reasonable attorneys' fees), fines, penalties (and other charges of applicable governmental authorities), damage to property (including, but not limited to, consequential damages or damages to Lessee's property), loss of use of property (including, but not limited to, any Unit) or injury to or death of persons (including, but not limited to, agents and employees of Lessee) directly or indirectly resulting from the use, ownership, operation, control, storage or condition of any Unit during the term hereof or from any defect (latent or patent) in any Unit during the term hereof, regardless of whether such Unit is at the time in the possession of Lessee.

12.2 Lessee shall indemnify, reimburse and hold Lessor and its successors, assigns, agents and employees harmless from and against any and all liabilities, claims, costs and expenses (including royalty payments and reasonable attorneys' fees), fines and penalties (and other charges of applicable governmental authorities) in any manner imposed upon any of the aforementioned indemnitees because of the use during operation of a Unit during the term hereof of any design, article or material therein or relating thereto, whether because of infringement of any patent or other right, regardless of whether such Unit is at the time in the possession of Lessee.

12.3 Upon Lessor's written demand, Lessee shall assume and conduct promptly and diligently, at its sole cost and expense, the entire defense of Lessor and its agents, employees, successors and assigns against any claim set forth in Section 12.1 or 12.2 hereof.

Lessee shall not settle or compromise any claim against Lessor without first obtaining Lessor's written consent thereto, which consent shall not be unreasonably withheld or delayed, applied either to the repair of such Unit or, upon Lessor's receipt of evidence of the repair of the Unit satisfactory to the reimbursement of Lessee for the cost of such repair.

TAX INDEMNITY

11.4 If during the term of this Lease any Unit is seized by a government, all payments to be made by Lessee to Lessor hereunder or otherwise in connection with the transactions contemplated herein shall be free of, and Lessee shall pay, any tax, exaction, fee, assessment, charge, fine, penalty or interest thereon levied or imposed in connection with or measured by the ownership, sale, rental, use, operation, possession, shipment or delivery of, payment for, or transfer of title to, any Unit or on the earnings arising therefrom, including, but not limited to, any business and occupation tax, gross receipts tax, retail sales or use tax or property tax (all of which are hereinafter called "impositions") whether such impositions be assessed against Lessor, Lessee or any vendor or manufacturer of any of the Units; provided, however, Lessee shall not be liable for (a) any federal income tax liability of Lessor, (b) state and local taxes measured by net income realized by Lessor (excluding any such tax which would be in substitution for or relieve Lessee from the payment of impositions which it would otherwise be obligated to pay or reimburse Lessor for as herein provided) up to the amount of all state and local taxes measured by net income realized by Lessor which would be payable with respect to such net income to the state and locality in which Lessor has its principal place of business if the Units were located at the principal place of business of Lessor, or (c) any income tax liability of any vendor or manufacturer of any of the Units.

Lessee shall at all times keep each and every part of the Units free and clear of all impositions which might in any way affect the title of Lessor or result in a lien, other than a Permitted Lien, thereupon; provided, however, that Lessee shall not be required to pay an imposition so long as (i) it is contesting such imposition in good faith by appropriate legal proceedings (which proceedings, if instituted, shall be conducted at Lessee's expense and with the prior written consent of Lessor), and (ii) the nonpayment thereof does not, in the opinion of Lessor, create a risk of adversely affecting the title, property or rights of Lessor hereunder.

Lessee shall promptly pay such impositions as are assessed or billed to Lessee, and Lessee, at its own expense, shall promptly file all returns and other documents and take all such other actions as are required in connection therewith. Upon Lessor's request, Lessee shall provide Lessor with written evidence of the payment of such impositions and copies of all such returns and other

documents shall if Lessee may not cause impositions billed to be assessed to Lessor to be submitted to Lessor in care of Lessee or if Lessee may not directly make payment of impositions billed or assessed to Lessor, Lessee will promptly notify Lessor to such effect, and Lessee shall reimburse or advance to Lessor, on demand, the amount of any impositions paid or to be paid by Lessor.

TAX INDEMNITY

13.2 If by reason of any act or omission of Lessee or any misrepresentation by Lessee or in correctness of any of the under or warranties and representations contained herein including any in amendment to schedule hereto, but excluding the warranty in Section 6.13, Lessor shall lose or shall not have, or shall lose the right to claim, or there shall be disallowed or deferred all or any portion of Federal income tax depreciation deductions with respect to the Units, based on the depreciation of Lessor's Cost of the Units over the period of 5 years commencing with the year in which the Units are placed in service under this Lease (as evidenced by the date set forth in the applicable Acceptance Supplement) at a rate of 15% in the first year, 22% in the second year and 21% in each of the next three years, then Lessee will pay Lessor as supplemental rent hereunder, with respect to each taxable year of Lessor, (i) a sum which, after deduction of all taxes required to be paid by Lessor with respect to the receipt of such sum under the laws of any Federal, state or local government or taxing authority in the United States, shall be equal to the amount of any additional Federal income taxes required to be paid with respect to such year by reason of such loss, disallowance or deferral of depreciation deduction (net of any savings in Federal income taxes required to be paid with respect to such year by reason of Lessor not being required to include in its Federal gross income for the relevant period the rental paid under this Lease or being required to so include only a portion thereof as interest) plus (ii) the amount of interest and penalties which may be payable to any such taxing authority by Lessor in connection with such loss, disallowance or deferral. Such payment shall be made to Lessor by Lessee in a lump sum on demand at any time after such additional income taxes are payable.

SECTION 14

DEFAULTS AND REMEDIES

14.1 The following events shall constitute "Events of Default" for purposes of this Lease:

- (a) Lessee shall fail or be unable to make any rental or other payment required hereby in full when due and such failure shall continue for 5 days;
- (b) Lessee shall (1) fail to procure or maintain any insurance coverage required hereby, (2) fail to maintain any Unit in compliance with the terms of this Lease, (3) fail to promptly

discharge all liens or encumbrances other than Permitted Liens and (4) make an unauthorized assignment or sublease of any Unit and any such failure shall continue for 20 days after the giving of notice thereof by Lessor; promptly notify Lessor to such effect, and Lessee shall reimburse or advance to Lessor, on demand, the amount of any such (c) Lessee shall fail to be unable to observe or perform any covenant, condition or agreement of Lessee contained herein, other than such as are referred to in clause (a) and (b) above, and such failure shall continue for 30 days after the giving of notice thereof by Lessor representations contained herein, including any amendment or schedule hereto, but excluding the warranty in Section 1.15. Les (d) Any representation or warranty of Lessee contained herein or any representation or warranty contained in any document or certificate furnished to Lessor in connection herewith or hereafter pursuant hereto shall be untrue or incorrect in any material respect when made; the period of 5 years commencing with the year in which the Units are placed in service under this Lease, or extension thereof. (e) Lessee shall apply for or consent to the appointment of, or the taking of possession by, a custodian, receiver, trustee or liquidator of itself or a substantial part of its property, shall become insolvent, shall fail or be unable to pay its debts generally as they become due, or shall cease to conduct its business in its ordinary course; (f) Any unstayed order, judgment or decree is entered by a court of competent jurisdiction against Lessee which would have a materially adverse impact upon the business or financial condition of Lessee; (g) Lessee shall file a voluntary petition in bankruptcy or a petition or answer seeking reorganization or an arrangement with creditors or to take advantage of any other federal or state bankruptcy, insolvency or other law relating to the relief of debtors, the readjustment, composition or extension of indebtedness or reorganization; file an answer admitting the material allegations of a petition filed against it in a case under Title 11 of the United States Code or in proceedings relating to the relief of debtors, the readjustment, composition or extension of indebtedness or reorganization; or taking corporate action for the purpose of effecting any of the foregoing;

(h). Without the application, approval or consent of Lessee, a proceeding shall be instituted in any court of competent jurisdiction, seeking in respect of Lessee an order for relief under the aforesaid Title 11, reorganization, dissolution, winding up, liquidation, a composition or arrangement with creditors, a readjustment of debts, the appointment of a custodian, receiver, trustee or liquidator of Lessee, any substantial part of its property or any of the Units, or other such like relief in respect

of Lessee under any bankruptcy, insolvency or other similar law, and the same shall continue undismissed or unstayed for any period of 30 days; failure shall continue for 20 days after the giving of notice thereof by Lessor.

(i) Any material obligation of Lessee for the payment of any final judgment, borrowed money, or the deferred purchase price of property or rent under any lease (including any lease or other financing between Lessee and General Electric Credit Corporation (or any affiliate)) and without regard shall not be paid when due and the period of grace, if any, provided with respect thereto shall elapse, or any such obligation shall be accelerated, or Lessee shall forfeit its rights in relation to any such obligation; or

hereafter any representation or warranty contained herein, shall be deemed a misstatement of fact. Upon the occurrence of an Event of Default, Lessor may, at its option, shall be untrue or incorrect in any material respect when made.

(a) enforce performance by Lessee of the terms hereof;

(b) recover damages for Lessee's breach of the terms hereof; or

(c) by giving notice to Lessee specifying the Event of Default, accelerate the due date with respect to all rents contemplated by this Lease and, but for the giving of such notice, due after the date thereof, and all such rents and any other amounts due hereunder shall be immediately due and payable; or

(d) by giving notice to Lessee specifying the Event of Default, terminate this Lease effective on the date specified in such notice (hereinafter the "Date of Termination"), and on the Date of Termination, this Lease shall expire and terminate and all rights of Lessee under this Lease shall absolutely cease (but Lessee shall remain liable as herein set forth); and Lessee shall deliver possession of the Units to Lessor in accordance with Section 15 hereof. Upon such termination, Lessor shall have the right to immediate possession of the Units free of any claims of Lessee whatsoever, and Lessor may remove all or any of the Units, whether or not affixed or attached to real or personal property, from the possession of Lessee, its agents and affiliates, at Lessee's sole cost and expense, and for such purpose may enter premises where the Units are located, and may use and employ any supplies, services, means or other facilities of Lessee, its agents and affiliates, with or without process of law, and Lessor shall not be liable for, and shall be held harmless by Lessee from any liability for, damage caused to real or personal property during any such removal. Lessee shall, without further demand, within five days of the Date of Termination pay to Lessor an amount equal to any unpaid rent due and payable for all periods up to and including the Date of Termination, plus all other sums due Lessor hereunder, plus, as liquidated damages for loss of a bargain and not as a penalty, an amount equal

to the Stipulated Loss Value, computed as of the rent payment date and immediately prior to the Date of Termination. Following the return of the Units to Lessor pursuant to this paragraph, Lessor shall, at a commercially practicable time, proceed to either sell or re-let the Units in a commercially reasonable manner. If Lessor re-lets the Units, the present value of the rentals payable to Lessor in connection with such re-letting for the period from the other commencement date of such new lease to the date on which this Lease would normally have terminated (absent default or renewal) computed on the basis of a 10.0% per annum discount (compounded on the same periodicity as the payment of rents under this Lease) shall be referred to hereinafter as the "Proceeds of Re-letting." The proceeds of such sale or the Proceeds of Re-letting, as the case may be, shall be applied by Lessor (A) first, to pay all costs, charges and expenses, including reconditioning expenses and legal fees and disbursements, incurred by Lessor as a result of the default and the exercise of its remedies with respect thereto; (B) second, to pay interest on past due rentals and other unpaid amounts due Lessor and on the Stipulated Loss Value; (C) third, to pay to Lessor an amount equal to any unpaid rentals or other amounts due and payable and the Stipulated Loss Value, to the extent not previously paid; (D) fourth, to reimburse Lessee for the Stipulated Loss Value to the extent previously paid by Lessee as liquidated damages. Any surplus remaining thereafter shall be retained by Lessor. Upon receipt of such sale proceeds or Proceeds of Re-letting, to the extent that all rent and other sums then due and payable with respect to the Units and the Stipulated Loss Value in respect of the Units have not been previously paid, Lessee shall forthwith pay to Lessor the sum of (1) the amount by which (X) the sum of (a) all rent and other sums then due and payable with respect to the Units; (b) the Stipulated Loss Value or portion thereof not theretofore paid; and (c) the amount payable under clause (A) of the preceding sentence, exceeds (Y) the sale price or the Proceeds of Re-letting, as the case may be, of the Units, and (2) interest at the rate specified in Section 4.2 hereof on the full amount of all due and unpaid rent and the Stipulated Loss Value, computed for the date or dates such rent or the Stipulated Loss Value is payable hereunder until such rent or Stipulated Loss Value is paid by Lessee.

(e) Lessee shall, upon demand, reimburse Lessor for all reasonable expenses, costs and commissions (including reasonable attorneys' fees) incurred by Lessor in enforcing its rights hereunder and in taking possession of, overhauling, repairing, storing or modifying the Units determined by Lessor to be required to place such Units in condition suitable for sale, re-lease or use. Amounts recoverable under this subsection shall include expenses incurred after the Date of Termination.

14.3 Lessor shall have the option, upon the occurrence of an Event of Default, whether or not it shall then have possession thereof, to conclusively establish the present worth at the Date of

to the Stipulated Loss Value, rental value of a Unit by entering Termination of the prevailing rental value of a Unit with a third party which lease into a bona fide lease of the Unit with a third party which lease shall be free from any and all claims at law or in equity of Lessee. If Lessor exercises such option, the present worth at the Date of Termination of the prevailing rental value of the Units shall be conclusively deemed to be the proceeds of such bona fide lease, to the date on which the term hereof would have expired but for such termination, discounted at the Prime Rate in effect at the Date of Termination from the dates such proceeds are to be paid to Lessor thereunder to the Date of Termination compounded on the same referred to hereinafter as the "Sale Value".

14.4 Lessor shall also have the option, upon the occurrence of an Event of Default, whether or not it shall have possession thereof, to conclusively establish the prevailing sale value of a Unit as of the rental payment date preceding the Date of Termination by consummating a bona fide arm's length sale of the Unit to a third party which sale shall be free from any and all claims at law or in equity of Lessee. There shall be deducted from any such sale proceeds all costs and expenses of such sale, and preparation of the Units for such Sale, in determining the "sale value". The aforementioned option may be exercised by public or private sale, with or without advertisement or publication, as Lessor may determine. Lessor may otherwise dispose of the Units, hold the Units idle, or lease the Units to others (for a period greater or lesser than the balance of the term of this Lease in the absence of the termination), all on such terms and conditions as Lessor may determine and all free and clear of any rights of Lessee and of any claim or right of redemption of Lessee in equity, at law or by statute, whether for loss or damage or otherwise.

14.6 Lessor may at its election waive any Event of Default and its consequences and rescind and annul any notice of termination by notice to Lessee in writing to that effect and thereupon the respective rights of the parties shall be as they would have been if no Event of Default had occurred and no such notice had been given. No such waiver, rescission or annulment shall extend to or affect any other or Event of Default or impair any right or remedy consequent thereto.

14.7 Each and every power and remedy hereby specifically given to Lessor shall be in addition to every other power and remedy specifically so given or now or hereafter existing at law or in equity, and each and every power and remedy may be exercised from time to time or simultaneously and as often and in such order as may be deemed expedient by Lessor. All such powers and remedies shall be cumulative and the exercise of one shall not be deemed a waiver of the right to exercise any others. No delay or omission of Lessor in the exercise of any such power or remedy and no renewal or extension of time with regard to any payment due hereunder shall impair any such power or remedy or shall be construed to be a waiver of any default or any acquiescence therein.

SECTION 15 of a Unit by entering into a bona fide lease of the Unit with a third party which lease shall be free from any and all charges. RETURN OF UNITS

15.1 If Lessor shall rightfully demand possession of the Units pursuant to Section 14 hereof or at the expiration of the term hereof, Lessee shall forthwith return the Units to Lessor. Accordingly, Lessee shall

for such termination, discounted at the Prime Rate in effect on the Date of Termination. The date such proceeds are to be paid (a) assemble the Units and place them in storage on tracks of Lessee reasonably selected by Lessee;

(b) permit Lessor to store all or part of the Units in such storage areas until the earlier of (i) the date such Units are sold, leased or otherwise disposed of by Lessor or (ii) 90 days from the expiration or termination of this Lease, as the case may be; and

(c) at Lessor's direction, transport all or part of such Units, in the condition required to be maintained by Lessee hereunder, to tracks of Lessee reasonably specified by Lessor.

The assembling, storing and transporting of the Units as hereinabove provided shall be at the expense and risk of Lessee and are of the essence with respect to this Lease. On application to any court of equity having jurisdiction in the premises, Lessor shall be entitled to a decree against Lessee requiring specific performance of the covenants of Lessee to assemble, store and transport the Units. During any storage period, Lessee shall permit Lessor or any person designated by it, including the authorized representatives of any prospective purchaser of any Unit, to inspect the same.

Without limiting its obligations under this Section 15.1, Lessee irrevocably appoints Lessor as the agent and attorney of Lessee, with full power and authority, at any time while Lessee is obligated to deliver possession of any Unit to Lessor, to demand and take possession thereof in the name and on behalf of Lessee from whomever shall be in possession of such Unit at such time.

15.2 In addition to the storage provided for in Section 15.1(b), Lessee will permit Lessor to store free of charge all or part of the Units at the location selected pursuant to Section 15.1(a) for an additional 90 days, but at Lessor's risk, with subsequent transportation as provided in Section 15.1(c).

15.3 Any Unit delivered to Lessor hereunder shall have all accessories and parts installed thereon as were installed at the commencement of the term hereof (or replacements therefor made in

accordance with Section 9.1 hereof) shall be maintained in compliance with Section 8 hereof and be equipped with all accessions thereto, and shall be in as good condition, state of repair and appearance as when delivered to Lessee, ordinary wear and tear and changes or alterations as permitted by Section 9.2 excepted. Lessee shall pay for any repairs necessary to restore any Unit to such condition, whether made by Lessee prior to or after delivery or by Lessor thereafter. The term "ordinary wear and tear" shall not be construed as permitting any broken, damaged or missing items or components of any Unit. Lessee shall remove all markings using methods approved by Lessor. Lessee shall also deliver to Lessor with each Unit, all manuals and inspection, modification, overhaul and maintenance records applicable to such Unit. Of the Units in such storage until the expiration of the date and Units are sold, Lessee SECTION 16 shall deliver to Lessor or (b) 90 days from the expiration or termination of this lease at the INSPECTION AND REPORTS

16.1 During the term hereof, Lessee shall furnish to Lessor such information concerning the location, condition, use and operation of the Units as Lessor may reasonably request, shall permit any person designated by Lessor to visit and inspect the Units and the records maintained in connection therewith, not less than twice in any calendar year during the term, and shall discuss with Lessor the status of Lessee's maintenance programs (and changes therein related to the Units) and Lessee's finances and accounts with Lessee's principal officers, all at such reasonable times and as often as Lessor may request.

16.2 Lessee shall without demand:

(a) Immediately notify Lessor, with respect to each accident relating to the alleged improper construction, functioning or operation of any Unit and involving a claim or estimated damage to persons, property or both in excess of \$25,000, of (i) the time, place and nature of the accident and damage; (ii) the names and addresses of the parties involved, persons injured, witnesses and owners of property damaged and (iii) such other material information as is known by Lessee;

(b) Immediately notify Lessor of all correspondence, papers, notices and documents of any kind received by Lessee in connection with any claim or demand relating to the alleged improper construction, functioning or operation of any Unit, or charging Lessor with liability of any kind, and Lessee shall cooperate with Lessor in the investigation and defense of all such claims and in the recovery of damages from third persons liable therefor; and

(c) Notify Lessor in writing, within ten days after any day on which any tax lien shall attach to any Unit, of the location of any such Unit on such day.

accordance with Section 9.1 hereof. SECTION 17 shall be maintained in compliance with Section 8 hereof and be equipped with all accessories thereto and shall be in as IDENTIFICATION, state of repair and appearance as when delivered to Lessee, ordinary wear and tear and Lessee shall, at its own expense, cause each Unit to be legibly and permanently marked, in a reasonably prominent location, with a plate or other marking to evidence the fact that such Unit is owned by Lessor and subject to this Lease, which plate or other marking shall be in a form approved by Lessor. Damaged or missing items or components of any Unit. Lessee shall remove all such items. Lessee shall not remove or deface or permit to be removed or defaced either the identifying manufacturer's serial number of any Unit or any such plate or other marking so placed on any Unit. In the event of such removal or defacement, Lessee shall promptly cause such manufacturer's serial number or such plate or other marking to be replaced.

SECTION 18

RECORDATION AND FILING
18.1 During the term hereof, Lessee shall, at its own expense, cause the Lease, including the Acceptance Supplement(s) and any and all additional instruments which shall be executed pursuant hereto, so far as permitted by applicable law or regulations, to be filed and recorded at such times and in such places as Lessor may reasonably request, and (b) if requested by Lessor, execute, file and re-file Uniform Commercial Code financing statements, or the equivalents thereof, with respect to some or all of the Units, in the various states where the Units or Lessee's principal place of business may be located. The filing of any such financing statement shall be for informational purposes only and shall not imply that Lessor has less than full legal and beneficial ownership of the Units.

Without limiting the foregoing, Lessee shall, at its own expense, cause this Lease, the Acceptance Supplement and the Schedule or any assignment or subleases hereof to be filed with the Interstate Commerce Commission pursuant to 49 U.S.C. §11303 and copies thereof (showing filing stamps or markings) shall be provided to Lessor as soon as practicable thereafter, but in no event later than 10 days after such filing.

SECTION 19

ASSIGNMENT BY LESSOR

19.1 Lessee acknowledges and agrees that Lessor shall have the absolute right to transfer or assign to any person, firm, corporation or other entity any or all of Lessor's rights, obligations, benefits and interests under this Lease, including,

without limitation, the right ~~to receive~~ rent or any other payment due under this Lease, the right to transfer or assign title to the Units or to transfer or assign ~~the right to~~ purchase all or some of the Units, and the right to make all waivers and agreements, to give all notices, consents and releases, to take all action upon the occurrence of an Event of Default or to do any and all other things which Lessor or its work may become entitled to do under this Lease. Lessee acknowledges that, if Lessor should sell or transfer to a third party all of Lessor's interest under this Lease and in the Units, Lessor shall thereupon be relieved of all of its obligations hereunder and Lessor's transferee shall succeed to all of Lessor's rights, interests and obligations under this Lease as though Lessor's transferee had been the initial Lessor hereunder; provided, however, that in the event of a transfer or assignment of a security interest in the Units, Lessor shall remain liable under this Lease. Notwithstanding anything herein to the contrary, no transfer of or assignment of this Lease by Lessor shall limit or impair rights of Lessee hereunder.

19.2 Without limiting the generality of Section 19.1, Lessee acknowledges and agrees that the terms and conditions of this Lease have been agreed to by Lessor in anticipation of its being able to assign for security its rights under and interests in this Lease and its rights in the Units and its being able to grant a security interest in all or any of its rights under and interests in this Lease and its rights in all or some of the Units to one or more lenders, to an agent or trustee representing such lenders, or to any other party having an interest in the Units or participation in the transaction which is the subject of this Lease, any or all of which may rely on and shall be entitled to the benefit of the provisions of this Section 19.2 hereof. Lessee shall, so long as any such assignment may be effective: (a) acknowledge such assignment, (b) accept the directions or demands of such assignee pursuant to this agreement in place of those of Lessor, (c) surrender any leased property only to such assignee, (d) pay all rent payable hereunder and do any and all things required of Lessee hereunder, and not terminate this Lease (except as may be specifically provided for herein), except in cases of default by Lessor or the existence of any other liability or obligation of any kind or character on the part of Lessor to Lessee whether or not arising hereunder, (e) not require such assignee to perform any duty, covenant or condition required to be performed by Lessor hereunder, all rights of Lessee in any such connection being hereby waived as to such assignee, and (f) execute any documents which Lessor may reasonably request in order to effectuate the foregoing; provided, however, that nothing in this Section 19.2 shall relieve Lessor from its obligations to Lessee hereunder, and such transfer or assignment shall be subject and subordinate to the terms and provisions of this Lease and the rights and interest of Lessee in the Units hereunder.

19.3 Any assignment, pledge or other conveyance, for security or otherwise, of this Lease by Lessor shall not be effective unless and until Lessee shall have been given written notice of such assignment identifying the assignee or transferee of this Lease, give all notices, consents and releases, to take all action with the occurrence of an Event of Default SECTION 20 or any and all other things which Lessor is or may become entitled to do under this Lease. Lessee acknowledges FINANCIAL AND OTHER INFORMATION transfer to a third party all of Lessor's interest under this Lease and in the Unit. Until all obligations of Lessee under this Lease are fulfilled, Lessee shall furnish to Lessor Lessee shall succeed to all of Lessor's interests and obligations under this Lease as though

(a) As soon as practicable, but in any event within 90 days after the end of each fiscal quarter or year, as the case may be, a consolidating and consolidated balance sheet and income statement of Lessee and its consolidated subsidiaries, if any, for, or as at the end of, such quarter or year prepared in accordance with generally accepted accounting principles consistently applied and, in the case of annual statements, audited by Lessee's independent accountants; and the general ledger of Lessee's books and records and Lessee shall the terms and conditions of this Lease

(b) Together with the financial statements required by paragraph (a) above, an Officer's Certificate stating that there exists no Event of Default or condition which, with notice or lapse of time or both, would become an Event of Default; or, if any Event of Default or any such condition has occurred, specifying the nature thereof, the period of its existence thereof and what action Lessee proposes to take with respect thereto;

(c) Within five days of their being distributed or filed, all proxy statements, financial statements, registration statements and reports as Lessee shall distribute to its stockholders or shall file with any governmental authority having jurisdiction over transactions involving securities; and

(d) Promptly after the same becomes available, such other financial information respecting Lessee as Lessor may reasonably request from time to time.

SECTION 21

RIGHT OF LESSOR TO PERFORM

If Lessee shall fail at any time to comply with its covenants herein, including the maintenance of insurance, the payment of taxes, assessments and other charges and the keeping of the Units in good operating condition and state of repair and free of liens, charges and encumbrances, other than Permitted Liens, Lessor may, but shall not be obligated to (a) make advances to perform the same and (b) enter Lessee's premises to take all such action as in

Lessor's opinion may be necessary or appropriate therefor. All payments so made by Lessor and all costs and expenses (including reasonable attorneys' fees) incurred by Lessor in connection therewith shall be payable by Lessee upon demand as additional rent, with interest thereon from the date(s) of such payments by Lessor until paid by Lessee at the rate set forth in Section 4.2 hereof. No such entry by Lessor shall be deemed an eviction of Lessee or a repossession of the UNIT, and no such advance performance or other act shall be deemed to relieve Lessee from any default hereunder. Until all obligations of Lessee under this Lease are fulfilled, Lessee shall furnish to Lessor SECTION 22

22.1 As soon as practicable after the end of each fiscal quarter or year, as the case may be, Lessee and Lessor shall from time to time do and perform such other and further acts and execute and deliver any and all such other and further instruments as may be required by law or reasonably requested by the other to establish, maintain and protect their respective rights and remedies and to carry out and effect the intents and purposes of this Lease.

22.2 All demands, notices and other communications hereunder shall be in writing, and shall be deemed to have been duly given when delivered, if personally delivered; or when sent, if mailed certified or registered mail, postage prepaid, or if sent by cable or telex, charges prepaid; in each case addressed to the parties at the locations specified in the Schedule hereto, or such other location(s) as may hereafter be furnished in writing by either party to the other.

22.3 This Lease shall be binding upon and shall inure to the benefit of Lessee, Lessor and, to the extent assignment hereof is permitted hereby, their respective successors and assigns.

22.4 The headings of the respective sections hereof are inserted for convenience only and form no part of this Lease.

22.5 This Lease constitutes the entire agreement between the parties hereto. No term or provision of this Lease may be changed, waived, amended or terminated except by a written agreement signed by both Lessor and Lessee.

22.6 Lessee's obligations hereunder shall survive the expiration or termination of this Lease and any renewals hereof to the extent required for full performance and satisfaction thereof.

22.7 This Lease may be executed in counterparts. Only the counterpart marked "Lessor's Copy" shall evidence a monetary obligation of Lessee.

22.8 This Lease shall be governed by and construed in accordance with the laws of the State of Illinois. Lessee agrees that any legal proceeding brought by Lessor or any assignee of Lessor concerning this Lease or the Units may be brought in any State or Federal court in the State of California and Lessee irrevocably submits to the jurisdiction of such court. Lessee hereby appoints CP Corporation System [insert CP's address in SF] as its agent for service of process in the State of California. act shall be deemed to relieve Lessee from any default hereunder.

22.9 If any term or provision hereof or the application thereof to any circumstances shall, in any jurisdiction and to any extent, be invalid or unenforceable, such term or provision shall be ineffective as to such jurisdiction to the extent of such invalidity or unenforceability without invalidating or rendering the application of such term or provision to circumstances other than those as to which it is held invalid or unenforceable. To the extent permitted by applicable law, the parties hereto hereby waive any provision of law which renders any term or provision hereof invalid or unenforceable in any respect.

22.10 It is the intention of the Lessor and Lessee that this Lease be treated as a true lease for all purposes, it being understood that Lessor is the sole owner of the Units and Lessee has no interest therein other than as a lessee hereunder.

IN WITNESS WHEREOF, the parties hereto have caused this Lease to be executed by their respective duly authorized officers as of the date first above written.

GATX LEASING CORPORATION

By

Thomas C. Nord

Title

VICE PRESIDENT

LESSOR

CHICAGO, CENTRAL & PACIFIC

CORPORATE ACKNOWLEDGMENT

NO. 202

State of California
City and County of San Francisco } ss.

On this the 18th day of December 1986, before me,

Evangeline F. Fujita

the undersigned Notary Public, personally appeared

Thomas C. Nord

☒ personally known to me

☐ proved to me on the basis of satisfactory evidence

to be the person(s) who executed the within instrument as

Vice President

or on behalf of the corporation therein

named, and acknowledged to me that the corporation executed it.

WITNESS my hand and official seal.

Evangeline F. Fujita

Notary's Signature



22.8 This Lease shall be governed by and construed in accordance with the laws of the State of Illinois. Lessee agrees that any legal proceeding brought by Lessor or any assignee of Lessor concerning this Lease or the Units may be brought in any State or Federal court in the State of California and Lessee irrevocably submits to the jurisdiction of such court. Lessee hereby appoints CT Corporation System [insert CT's address in SF] as its agent for service of process in the State of California.

22.9 If any term or provision hereof or the application thereof to any circumstances shall, in any jurisdiction and to any extent, be invalid or unenforceable, such term or provision shall be ineffective as to such jurisdiction to the extent of such invalidity or unenforceability without invalidating or rendering the application of such term or provision to circumstances other than those as to which it is held invalid or unenforceable. To the extent permitted by applicable law, the parties hereto hereby waive any provision of law which renders any term or provision hereof invalid or unenforceable in any respect.

22.10 It is the intention of the Lessor and Lessee that this Lease be treated as a true lease for all purposes, it being understood that Lessor is the sole owner of the Units and Lessee has no interest therein other than as a lessee hereunder.

IN WITNESS WHEREOF, the parties hereto have caused this Lease to be executed by their respective duly authorized officers as of the date first above written.

GATX LEASING CORPORATION

By _____

Title _____
LESSOR

CHICAGO, CENTRAL & PACIFIC
RAILROAD COMPANY

By *Pat Allen*

Title VICE PRESIDENT
LESSEE

STATE OF IOWA
COUNTY OF BLACKHAWK

Sworn to and subscribed before me
this 19th day of December, 1986.

Shirley Austin
Notary Public

11215

Exhibit A

This Lease shall be governed by and construed in accordance with the laws of the State of Illinois. Lessee agrees that any legal proceeding brought by Lessor or any assignee of Lessor concerning this Lease or the Units may be brought in the State of Illinois. This Schedule is a part of the Equipment Lease Agreement, dated as of December 15th, 1986 ("Lease"), between GATX Leasing Corporation and Chicago & North Western Railway Company. The terms used in this Schedule shall have the meanings given them in the Lease.

21.8. If any term or provision hereof or the application thereof is invalid or unenforceable, such term or provision shall be ineffective. Description and Estimated Cost of Units: 18,2000 horsepower, \$39,000 each. 4 axle locomotives originally built by EMD and remanufactured by the Milwaukee Road:

<u>Road Number</u>	<u>Serial Number</u>
964	5552-1
965	5372-1
966	5366-2
967	5367-3
968	5368-4
969	5428-1
970	5428-2
971	5428-3
972	5428-4
973	5428-5
974	5428-6
975	5428-7
976	5428-8
977	5354-1
978	5350-1
979	5350-2
980	5350-3
981	5353-1

Total Estimated Cost \$702,000.00*

The total Lessor's Cost of all Units subject to the Lease shall not exceed \$1,000,000 without the express written consent of Lessor.

*Sales taxes not calculated

2. Term

Exhibit A

The lease term for each Unit shall commence on its Delivery Date and shall expire on the fifth anniversary thereof. No Delivery Date of any Unit shall be after December 31, 1986 without the written agreement of Lessor. Lease Agreement, dated as of December 15th 1986 ("Lease"), between GATX Leasing Corporation and Chicago, Central & Pacific Railroad Company. The terms used in this Schedule shall have the meanings given therein. Commencing on the Delivery Date, the rent for each Unit shall be paid by Lessee in sixty (60) consecutive monthly installments in arrears, each equal to 1.9107% of the Lessor's Cost of such Unit.

The foregoing rents were calculated on the assumption that all Units will have a Delivery Date prior to December 31, 1986 and (b) the tax benefits referred to in Section 13.2 of the Lease will be available without diminution or deferral. If either (x) the Delivery Date proves to be later than December 31, 1986 or (y) the Code, the regulations thereunder or any administrative or judicial interpretation thereof should be amended, revised or otherwise changed after the date of execution and delivery of the Lease, but before the final Delivery Date, in such a manner that the availability, amount or timing of the aforementioned tax benefits is adversely affected, then Lessor may adjust rents and Stipulated Loss Values to maintain its after-tax rate of return and after-tax cash flow.

4. Stipulated Loss Values

The Stipulated Loss Value payable by Lessee pursuant to Section 11.2 of the Lease shall be that percentage of Lessor's Cost of the affected Unit(s) set forth in the following table opposite the rental payment date next following the event giving rise to Lessee's obligation to pay Stipulated Loss Value. Stipulated Loss Values and rents shall not be prorated.

<u>Rental Payment Date</u>	<u>Stipulated Loss Value as a Percentage of Lessor's Cost</u>
15 Dec 1986	102.000
15 Jan 1987	100.922
15 Feb 1987	99.834
15 Mar 1987	98.735
15 Apr 1987	97.625
15 May 1987	96.505
15 Jun 1987	95.373
15 Jul 1987	94.232

Rental		Stipulated Loss Value as a Percentage of
Payment Date	each Unit shall be after	Lessors Cost
The lease shall expire on the fifth anniversary thereof. No		
15 Aug 1987	Delivery Date shall be after Dec 1987	93.079
15 Sep 1987	without the lessor's consent	91.915
15 Oct 1987		90.740
15 Nov 1987		89.554
15 Dec 1987		88.557
15 Jan 1988	Commence Delivery Date, the rent shall be paid in sixty (60) consecutive	87.350
15 Feb 1988		86.132
15 Mar 1988		84.902
15 Apr 1988		83.662
15 May 1988		82.402
15 Jun 1988	The rent was calculated on the basis of the	81.131
15 Jul 1988	Delivery Date prior to 1988	79.841
15 Aug 1988	referred to in the lease	78.540
15 Sep 1988	able without diminution	77.226
15 Oct 1988	However to be paid	75.894
15 Nov 1988	the regulations	74.549
15 Dec 1988	interception of the	73.393
15 Jan 1989	of the	72.018
15 Feb 1989	of the	70.632
15 Mar 1989	a manner that the	69.233
15 Apr 1989	mentioned tax benefits	67.821
15 May 1989	advised rent and	66.398
15 Jun 1989	interception rate of	64.963
15 Jul 1989		63.516
15 Aug 1989		62.055
15 Sep 1989		60.582
15 Oct 1989		59.097
15 Nov 1989		57.599
15 Dec 1989		56.288
15 Jan 1990		62.332
15 Feb 1990		60.877
15 Mar 1990		59.405
15 Apr 1990		57.918
15 May 1990		56.415
15 Jun 1990		54.896
15 Jul 1990		53.363
15 Aug 1990		51.812
15 Sep 1990		50.245
15 Oct 1990		48.663
15 Nov 1990		47.063
15 Dec 1990		45.647
15 Jan 1991		44.017
15 Feb 1991		42.370
15 Mar 1991		40.705
15 Apr 1991		39.024
15 May 1991		37.344

<u>Rental Payment Date</u>	<u>Stipulated Loss Value as a Percentage of Lessor's Cost</u>
15 Jun 1991	35.646
15 Jul 1991	33.950
15 Aug 1991	32.236
15 Sep 1991	30.504
15 Oct 1991	28.773
15 Nov 1991	27.024
15 Dec 1991	25.000
Thereafter	*

*If Lessee renews the Lease, the Stipulated Loss Value during any extended term shall be an amount equal to the fair market value of such Units as at the end of the applicable initial lease term, as reasonably determined by Lessor, or in the event of disagreement between Lessor and Lessee, as determined by an independent appraiser; provided, however, that such Stipulated Loss Value shall not be less than 25% of Lessor's Cost of the Units.

5. Insurance

The insurance to be obtained by Lessee pursuant to Section 10.1 of the Lease shall not provide for a deductible or self-insured exposure in excess of \$350,000.

The amounts of comprehensive general public liability insurance coverage required by Section 10.2 of the Lease shall be in an aggregate amount of not less than \$25 million including \$1 million of self insurance retention of Lessee.

6. Options

(a) Lessee's Option to Purchase: Unless the Lease shall have been terminated or an Event of Default, or condition which upon notice or lapse of time or both would constitute an Event of Default, shall have occurred and be continuing, Lessee may elect to purchase all, but not less than all, of the Units at the expiration of the initial term of the Lease for a purchase price equal to 25% of Lessor's Cost. This option must be exercised by written notice delivered to Lessor not more than 180 days and not less than 120 days prior to the expiration of the initial Lease term of the Units which are subject to the first Acceptance Supplement.

(b) Warranties: The purchase of the Units by Lessee pursuant to its option herein shall be "as is, where is", without recourse to, representation of or any warranty by Lessor, other than a warranty that the Units are free and clear of liens and encumbrances resulting from acts of Lessor.

7. Notices: All notices shall be addressed as follows:

If to Lessor:

GATX Leasing Corporation
Four Embarcadero Center, Suite 2200
San Francisco, CA 94111
Attn: Contract Administration

If to Lessee:

Chicago, Central & Pacific
Railroad Company
501 Sycamore Street
Suite 400
Waterloo, Iowa 50703
Attn: Chief Financial Officer

GATX LEASING CORPORATION,
as Lessor

By

Thomas C. Nord

Title

VICE PRESIDENT

CHICAGO, CENTRAL & PACIFIC
RAILROAD COMPANY

By

[Signature]

Title

VICE PRESIDENT

1122S

CORPORATE ACKNOWLEDGMENT

NO. 202

State of California
City and County of San Francisco } ss.

On this the 18th day of December, 1986, before me,

Evangelina F. Fujita

the undersigned Notary Public, personally appeared

Thomas C. Nord

☒ personally known to me

☐ proved to me on the basis of satisfactory evidence

to be the person(s) who executed the within instrument as

Vice President

or on behalf of the corporation therein

named, and acknowledged to me that the corporation executed it.

WITNESS my hand and official seal.



Notary's Signature

Evangelina F. Fujita

(b) Warranties: The purchase of the Units by Lessee pursuant to its option herein shall be "as is, where is", without recourse to, representation of or any warranty by Lessor, other than a warranty that the Units are free and clear of liens and encumbrances resulting from acts of Lessor.

7. Notices: All notices shall be addressed as follows:

If to Lessor:

GATX Leasing Corporation
Four Embarcadero Center, Suite 2200
San Francisco, CA 94111
Attn: Contract Administration

If to Lessee:

Chicago, Central & Pacific
Railroad Company
501 Sycamore Street
Suite 400
Waterloo, Iowa 50703
Attn: Chief Financial Officer

GATX LEASING CORPORATION,
as Lessor

By _____

Title _____

CHICAGO, CENTRAL & PACIFIC
RAILROAD COMPANY

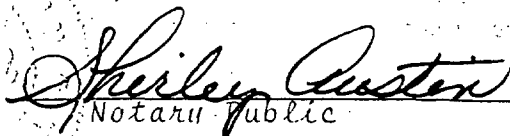
By  _____

Title Vice President

1122S

STATE OF IOWA
COUNTY OF BLACKHAWK

Sworn to and subscribed before me
by Peter A. Gilbertson this 19th day
of December, 1986.


Notary Public

Acceptance Supplement No. 1

Delivery Date: December __, 1986

This Acceptance Supplement is executed pursuant to the Equipment Lease Agreement, dated as of December 15th, 1986 (the "Lease"), between GATX Leasing Corporation and Chicago, Central & Pacific Railroad Company.

The terms used herein shall have the meaning given to such terms in the Lease.

Lessee represents and warrants that (i) all of the Units described in Annex A attached hereto have been fully assembled and conform to all applicable performance criteria, and (iii) upon Lessor's payment in full of the Lessor's Cost thereof set forth below, Lessor shall have good title to the Units free and clear of all liens of mechanics, laborers, materialmen and suppliers.

Lessee certifies that the requirements of the Lease with respect to the identification of the Units have been met.

Lessee confirms that on the date hereof (i) all of the Units described in Annex A attached hereto were duly accepted by Lessee and became subject to the Lease; (ii) the term of the Lease with respect to said Units commenced; and (iii) Lessee became obligated to pay to Lessor rent as provided in the Lease and the Schedule.

The total Lessor's Cost of the Units subject to this Acceptance Supplement is \$ ~~702,000~~ .700,000 *g7D*

CHICAGO, CENTRAL & PACIFIC
RAILROAD COMPANY

By _____

Title _____

Accepted:

GATX LEASING CORPORATION

By

Thomas A. Need

Title

VICE PRESIDENT

Delivery Date: December __, 1986

Annex A to Acceptance Supplement No. 1
to Equipment Lease Agreement
dated as of December __, 1986
between GATX Leasing Corporation
and Chicago, Central & Pacific Railroad Company

<u>Description of Unit</u>	<u>Manufacturer or Vendor</u>	<u>Road Number</u>	<u>Serial Number</u>	<u>Lessor's Cost of Unit</u>
2000 Horse-	Built by EMD	964	5552-1	
power	and remanufac-	965	5372-1	
4 axle loco-	tured by the	966	5366-2	
motives	Milwaukee Road	967	5367-3	
		968	5368-4	
		969	5428-1	
		970	5428-2	
		971	5428-3	
		972	5428-4	
		973	5428-5	
		974	5428-6	
		975	5428-7	
		976	5428-8	
		977	5354-1	
		978	5350-1	
		979	5350-2	
		980	5350-3	
		981	5353-1	

Total Lessor's Cost of all
Units Subject to this Accept-
ance Supplement \$_____

CORPORATE ACKNOWLEDGMENT

NO. 20

State of California
City and County of San Francisco } ss.



On this the 18th day of December 19 86, before me,

Evangeline F. Fujita,
the undersigned Notary Public, personally appeared

Thomas C. Nord,

☒ personally known to me

☐ proved to me on the basis of satisfactory evidence

to be the person(s) who executed the within instrument as

Vice President or on behalf of the corporation therein
named, and acknowledged to me that the corporation executed it.

WITNESS my hand and official seal.

Evangeline F. Fujita
Notary's Signature

Acceptance Supplement No. 1

Delivery Date: December __, 1986

This Acceptance Supplement is executed pursuant to the Equipment Lease Agreement, dated as of December 15th, 1986 (the "Lease"), between GATX Leasing Corporation and Chicago, Central & Pacific Railroad Company.

The terms used herein shall have the meaning given to such terms in the Lease.

Lessee represents and warrants that (i) all of the Units described in Annex A attached hereto have been fully assembled and conform to all applicable performance criteria, and (iii) upon Lessor's payment in full of the Lessor's Cost thereof set forth below, Lessor shall have good title to the Units free and clear of all liens of mechanics, laborers, materialmen and suppliers.

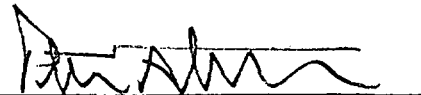
Lessee certifies that the requirements of the Lease with respect to the identification of the Units have been met.

Lessee confirms that on the date hereof (i) all of the Units described in Annex A attached hereto were duly accepted by Lessee and became subject to the Lease; (ii) the term of the Lease with respect to said Units commenced; and (iii) Lessee became obligated to pay to Lessor rent as provided in the Lease and the Schedule.

The total Lessor's Cost of the Units subject to this Acceptance Supplement is \$ 700,000.00.

CHICAGO, CENTRAL & PACIFIC
RAILROAD COMPANY

By



Title Vice President

Accepted:

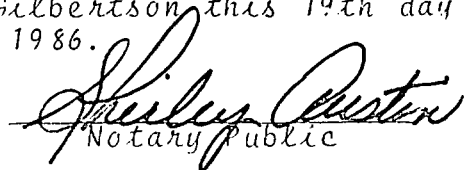
GATX LEASING CORPORATION

By _____

Title _____

STATE OF IOWA
COUNTY OF BLACKHAWK

Sworn to and subscribed before me
by Peter A. Gilbertson this 19th day
December, 1986.


Notary Public

Delivery Date: December __, 1986

Annex A to Acceptance Supplement No. 1
to Equipment Lease Agreement
dated as of December 15th, 1986
between GATX Leasing Corporation
and Chicago, Central & Pacific Railroad Company

<u>Description of Unit</u>	<u>Manufacturer or Vendor</u>	<u>Road Number</u>	<u>Serial Number</u>	<u>Lessor's Cost of Unit</u>
2000 Horse- power 4 axle loco- motives	Built by EMD and remanufac- tured by the Milwaukee Road	964	5552-1	\$ 38,888.89
		965	5372-1	38,888.89
		966	5366-2	38,888.89
		967	5367-3	38,888.89
		968	5368-4	38,888.89
		969	5428-1	38,888.89
		970	5428-2	38,888.89
		971	5428-3	38,888.89
		972	5428-4	38,888.89
		973	5428-5	38,888.89
		974	5428-6	38,888.89
		975	5428-7	38,888.89
		976	5428-8	38,888.89
		977	5354-1	38,888.89
		978	5350-1	38,888.89
		979	5350-2	38,888.89
		980	5350-3	38,888.89
		981	5353-1	38,888.89

Total Lessor's Cost of all
Units Subject to this Accept-
ance Supplement \$ 700,000.00

Delivery Date: December

Exhibit C

BILL OF SALE

Annex A to Acceptance Supplement No. 1

Equipment sold by Chicago, Central & Pacific Railroad Company (the "Seller"), for \$10 and other good and valuable consideration paid by GATX Leasing Corporation (the "Buyer"), the receipt and the sufficiency of which are hereby acknowledged by the Seller, does hereby grant, bargain, sell and deliver to the Buyer, its successors and assigns, the following equipment (the "Equipment"):

<u>Description of Equipment</u>	<u>Road Numbers</u>	<u>Serial Numbers</u>
18 2000 horsepower 4 axle locomotives originally built by the Electro Motive Division of General Motors and remanufactured by the Milwaukee Road	964 965 966 967 968 969 970 971 972 973 974 975 976 977 978 979 980 981	5552-1 5372-1 5366-2 5367-3 5368-4 5428-1 5428-2 5428-3 5428-4 5428-5 5428-6 5428-7 5428-8 5354-1 5350-1 5350-2 5350-3 5353-1

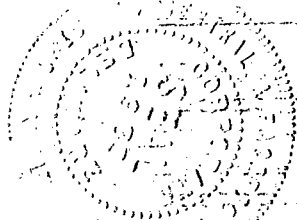
The Seller hereby warrants that the Seller is the owner and holder of, and has good title to, the Equipment, and hereby transfers to the Buyer all of the Seller's right, title and interest in and to the Equipment, free and clear of all liens, charges and encumbrances, howsoever created.

The Seller, its successors and assigns, covenant and agree to warrant and defend the sale of the Equipment unto the Buyer, its successors and assigns, against all persons whomsoever and hereby agree to indemnify the Buyer against, and to hold the Buyer harmless from, any and all liabilities, claims, suits, actions, demands, debts or obligations of every nature or kind resulting from the claim of any party or parties in any way arising from title to the Equipment on or prior to the date hereof.

BILL OF SALE

TO HAVE AND TO HOLD the Equipment unto the Buyer, its successors and assigns, for its and their own use, forever.

IN WITNESS WHEREOF, the Seller has caused its corporate seal to be affixed hereto and has caused this Bill of Sale to be executed on its behalf by a duly authorized officer thereof this 19th day of December, 1986.



(Seal)

Attest:

Richard J. Schmut

CHICAGO, CENTRAL & PACIFIC
RAILROAD COMPANY

By

John E. Haley
Title President

STATE OF IOWA)

(ss:


COUNTY OF BLACKHAWK)

Sworn to and subscribed before me
this 19th day of December, 1986.

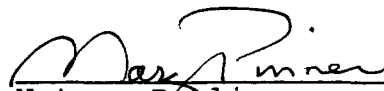
Shirley Austin
Notary Public

Washington)
)
District of Columbia)

On this the 22nd day of December, 1986, before me, the undersigned officer, personally appeared John Docherty, who, being duly sworn, deposes and says that he has compared the copy of the Equipment Lease Agreement by and between Chicago Central & Pacific Railroad Company, Lessee, and GATX Leasing Corporation, Lessor, together with the Exhibits thereto, and has found that the copy is complete and identical in all respects to the original document.


John Docherty

The foregoing was subscribed and sworn to before me by John Docherty this 22nd day of December, 1986.


Notary Public

My Commission Expires: May 14, 1990